

March 15, 1967

CONGRESSIONAL RECORD — HOUSE

H 2755

benefits each month to these 22 million people. When the law was enacted, it provided retirement coverage for workers only. Today, through various expansions of the legislation, it provides coverage to 14.7 million workers and their dependents, survivors' benefits to 5.3 million widows and orphans, disability benefits to nearly 2 million disabled workers and their dependents and medicare benefits to almost all retired persons over 65, regardless of their eligibility for social security cash benefits.

Over the years a great number of changes have occurred in the system. In 1950, only about one-fourth of the populations aged 65 and over were covered by social security. Now 86 percent are covered and, if those covered by civil service and railroad retirement systems are included then 91 percent are covered. Of those who reached 65 during 1966, 95 percent were covered by one of these Federal retirement systems. By 1985, it will be 98 percent.

Social security was never designed to replace private retirement insurance. It was designed to replace, in part, earnings and income loss caused by retirement by providing a subsistence level. In this respect social security is more a pension system than insurance. Today it is questionable whether it is furnishing that level. The Social Security Administration estimates that about 5 million persons aged 65 and over are living in poverty and another 5.5 million are kept out of poverty by their social security benefits. But, 1964 figures indicate that 40 percent of the aged couples in the Nation had incomes less than \$3,000. Twenty-five percent had incomes less than \$2,000. The U.S. Department of Labor budget for a minimum but adequate living for an elderly retired couple is about \$3,000 a year in a large city and \$2,500 in a smaller community. Thus it would appear at first glance that the subsistence level is being met. But this is only part of the story. Consider, for example, the plight of aged widows. According to a 1962 Government study, 70 percent of the aged widows were living in poverty. In 1966, average social security payments to the 2.5 million aged widows receiving them were only \$74 a month. This is one-third less than the average weekly earnings of workers still on the job.

Only one in four persons over 65 is employed and few of the remaining have supplemental sources of income. Though about 30 percent of the labor force are currently in jobs covered by private pension plans, only about 15 percent of those over 65 are receiving private pension payments. Social security is the sole retirement system for the remaining 85 percent of the population over age 65. It will be another 15 to 20 years before this figure drops as low as 70 percent and, for the foreseeable future, social security will be the only retirement income for a majority of the retired population.

Even more indicative of the problem are those statistics that show the plight of the aged. Letters from constituents back home reflect the loneliness of their isolation. Many of them live alone, with no method of transportation, the bleak-

ness of their average day being broken only by the postman delivering their mail. For those who do not live on a mail route—and there are many in my district—they must depend upon friends to deliver the mail from town.

Though expanded and improved over the years, social security's biggest single defect is lack of adequate benefits. Improper and unbusinesslike financing is another.

Discussing first the adequacy of benefits, we discover that cash benefits have been increased only twice during the 12-year period, 1954-66. The 7½-percent increase in 1958 did not restore the 1954 buying power of cash benefits and the 7-percent increase in 1965 fell short of restoring the 1958 purchasing power of benefits. During the interval between 1958 and 1964, inflation cost social security pensioners approximately \$1.4 billion in loss of purchasing power. Benefits which fall behind the cost of living do little but keep poverty levels current. My bill, which would tie social security benefit increase to the rise in the consumer price index would meet this problem of loss of purchasing power.

I am concerned, however, not only by the need for action to help our older citizens to meet the burden of rising living costs, but by the fact that the present limitation serves to rob these citizens of the initiative to better their own circumstances. Many citizens, who could otherwise attain a higher standard of living by augmenting their social security incomes, hesitate to do so because of the penalty of reduced benefits.

To finance the cost-of-living increase I have proposed that payment be made from general revenues. From its inception in 1935, the social security program has been financed entirely by contributions shared equally by employer and employee. This creates special problems. Since the social security contribution rate is uniform and does not apply at all to higher levels of earnings, considered solely as a tax it is regressive. That is, workers with low earnings pay a larger percentage of their total incomes than higher paid employees, thus it burdens those least able to pay the tax. However, this regression is offset somewhat by the benefit formula which is weighed in favor of those with lower earnings. But the fact remains that an increasing number of low-income families are paying more in social security taxes than income taxes. Clearly the point is nearing where it will be difficult to tax low-paid workers at much higher rates. Sooner or later the principle that payroll taxes shall be the sole source of funding should be modified or goals must be lowered to the less than adequate improvements that can be financed this way. This leaves only one alternative: Government contribution through general revenues.

A Government contribution for social security is common practice in many foreign countries. At the present time almost every West European government makes a contribution to social security from general revenue. The countries that make such contributions are the Netherlands, Sweden, United Kingdom, Luxembourg, Belgium, West Germany, and Italy. There is no reason why pres-

ently covered workers should pay for the amounts the early beneficiaries received. Instead, this financial burden should be financed from general revenue sources to which all taxpayers contribute. Why is this so? Because of the savings in welfare cost resulting from the establishment of the social security system. For example, since 1950 the percentage of the older population receiving welfare payments through old-age assistance has decreased from 22 to 11 percent, a reduction of one-half. The social security system has helped lift this burden from State and local governments and in turn from individual taxpayers who might otherwise have had to contribute through regressive local real estate and sales taxes—not to mention progressive income taxes—to finance additional public assistance costs. A raise in social security taxes is out of the question. The only other alternative is to raise the base, but this is not sufficient to increase benefits significantly. For example, a \$9,000 wage base would permit only a 4.5 percent across-the-board benefit increase. Deciding on an eventual \$15,000 base with an immediate rise to \$9,000 would produce about 8 percent. Even taxing all wages would mean a rise of only about 9.4 percent.

There are many myths concerning social security. Among them is the concept that social security is insurance. Clearly it is not insurance in the generally accepted meaning of that term. It might be described as "social insurance" to achieve a social objective, but it is not general insurance based on a concept of risk sharing.

Social security and private insurance, though similar in some respects, are not really comparable and the two should not be confused. Social security stresses a social need and goal as well as individual equity. Private insurance is concerned exclusively with the latter. Without social security, society would have to care for those in need and higher taxes would be required.

I have touched on just a few of the basic issues in the social security program in my remarks today. But there are many other basic policy questions that must be considered by the Congress. Among these are:

First. What constitutes an adequate level of income for retired persons?

Second. What part in attaining an adequate level of income should be played by governmental programs and what by voluntary group action and individual effort?

Third. Of the public segment, what share should be financed through payroll taxes and what through general revenues?

Fourth. What are the consequences—to the economy as well as the aged individual—to tax exemptions and various other subsidies that recognize the inadequacy of income without providing a direct increase in retirement benefits or other income?

Fifth. What improvements in income can be expected for future generations of aged persons?

In addition to these more technical points there is the larger question of restraining inflation in order to prevent

the erosion of dollars set aside in pension plans, private savings accounts, stock investments as well as social security trust funds. Since social security benefits represent only a portion of income loss through retirement, we must not become so obsessed with social security operations that we overlook the necessary tax adjustments to strengthen and encourage private pension plans, which are after all, designed to carry the major load of the loss in earnings. We must face also the problem of age discrimination in employment and the adequacy of housing programs for the elderly.

STATEMENT ON FEDERAL-STATE PROBLEMS

(Mr. FINDLEY (at the request of Mr. POLLOCK) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FINDLEY. Mr. Speaker, Richard B. Ogilvie, president of the Cook County Board of Commissioners, presented an excellent statement of Federal-State problems on February 27, to the National Legislative Conference of the National Association of Counties. In it he challenged State and local units to greater initiative or face greater Federal takeover. His remarks follow:

Cook County is the center of one of the most important urban areas in the entire world. It contains within its boundaries practically every problem which would affect municipalities or counties in any part of this country.

America's urban areas are in a state of crisis today, beset by a host of problems—financial, political and environmental. With 70% of all Americans now living in cities or suburbs, this crisis is the most serious of our times.

Historian Richard Hofstadter has stated: "America was born in the country and grew up in the city."

But there still exists to a degree a sort of fundamental American bias against urban life, as somehow less pure, virtuous, and ennobling than life on the farm. The nostalgia for the life of Tom Sawyer is probably unquenchable, but this psychological barrier must be overcome if we are to solve contemporary urban problems.

Our national life has changed dramatically as America floods to the cities. During the 60's, two trends have been especially noteworthy:

First, the Federal Government, via the grant-in-aid, has become involved in many functions formerly performed either by state or local government if in fact at all. One Congressman has described it this way:

"There are 400 federal aid appropriations for over 170 separate aid programs, administered by 21 federal departments and agencies, 150 Washington bureaus and 400 regional offices, each with its own way of passing out federal tax dollars."

The Bureau of the Budget has estimated that for fiscal 1968, total federal aids to state and local governments will increase by \$2.1 billion over 1967 to \$17.4 billion. This represents more than a threefold increase in the last decade.

Many of our ailing urban areas are pleading for massive doses of federal aid as a panacea, arguing they have insufficient resources to solve their own problems.

Unrestrained federal aid, however, often produces an atrophy of local self-reliance. Many communities have found to their sorrow that termination of a specific program

has left them bereft on their initiative and totally incapable of meeting the resulting emergency.

Unrestrained federal aid also leads to a distortion in allocation of local resources on a sound priority basis. There is a great temptation to concentrate local spending on projects for which federal grants are available, regardless of need.

The second trend of the 60's is that state and local governments have been increasing their activities, outlays, and payrolls at a record pace.

In Cook County, for example, budget requests for fiscal 1967 were approximately \$22 million over fiscal 1966 expenditures. Inflationary pressures on Cook County's budget have more than wiped out any immediate benefits. We have witnessed a continuing spiral in demands for additional salary increases and fringe benefits by employees—coupled with threat of strikes to compel the acquiescence of the government. This process can only lead to eventual bankruptcy, not only of the local government, but of the people who must support it.

Thus, it is apparent that an obsolete revenue structure lies at the heart of our urban problems in Cook County. Local government is overly dependent on the property tax as a source of revenue—the same basic revenue source of 200 years ago.

If the federal government sincerely wants to assist urban areas in meeting their own problems, then state and local governments must be provided with a realistic tax break. I strongly recommend serious consideration be given to a solution pending in the Congress, calling for a return to state and local governments of sums necessary to finance services best administered locally. Such rebates could be distributed to the states with no strings attached on a per capita basis.

These funds should then be allocated to counties and cities for use in urban areas—wherever such a plan is feasible.

In sum, the question remains, what should be the proper role of the federal government in solving the problems of the urban complex?

First, urban problems must be solved at the urban level. Federal agencies such as Housing and Urban Development should lend financial assistance only in those areas meeting basic criteria, the most important being that an honest local effort has failed. Straight substitution of federal programs for local programs is wrong.

Second, when need has been determined, federal assistance programs must be viewed as a corollary to local efforts, and they certainly demand meaningful national coordination. Widespread confusion has been generated by the new grant programs of the 89th Congress.

Third, if the urban area is to be rebuilt, the basic means lies in private investment. While government should provide some money and act as a coordinator, private enterprise should assume the major responsibility. Senator Percy's proposal to create a National Home Ownership Foundation well fits this criterion.

Finally, local government can only assume its proper role in the federal system if a program of tax sharing were initiated.

Unless state and local governments awaken to the political realities of our time, and unless the federal government fully recognizes the necessity of a properly balanced federal system, the final result will be a much wider assertion of direct federal action and control than has ever been experienced heretofore.

PSM
NATO AND ABM DEFENSE

(Mr. FINDLEY (at the request of Mr. POLLOCK) was granted permission to extend his remarks at this point in the

RECORD and to include extraneous matter.)

Mr. FINDLEY. Mr. Speaker, the crucial relationship between antimissile defense and the future of the Atlantic Alliance is discussed ably in a recent column by the noted correspondent Edgar Ansel Mowrer. Here is the text of Mr. Mowrer's statement:

U.S. ANTI-MISSILE DEFENSE WOULD GIVE NATO A NEW LIFE

(By Edgar Ansel Mowrer)

Next only to Russo-American togetherness, the main reason for the decay of NATO is the Europeans' growing disbelief in the United States' willingness to risk nuclear war to defend their countries. Unless we are ready to junk NATO altogether, possibly in favor of "convergence" with the Soviet Union on nuclear policy, to the exclusion of "lesser" countries, the restoration of our "credibility" should be a major aim of any American Administration.

Almost a year ago, at the University of Pennsylvania, I heard Edward Teller, the "father of the H-bomb," make a moving plea not only for an immediate start on a program of shelters and anti-missile missiles at home, but in West Europe as well.

Teller argued, wisely, I thought, that the more Americans made themselves immune to missile attack, the more likely they would be to risk nuclear war to defend Europe. Furthermore, the more defense our European allies enjoyed, the readier they would be to participate in a serious anti-communist policy. Even the French, though Teller did not say so specifically, would be less eager to build bridges to Moscow and Peking at the expense of NATO if they had some protection against a Soviet missile attack.

FRANCE VULNERABLE

Today the French are completely vulnerable, their only deterrent their own plane-carried A-bombs and the "hope" that the United States would deter any sort of attack on West Europe by its readiness to unleash "massive nuclear retaliation."

Whether Teller's plea made any impression on Secretary of Defense McNamara and his all-knowing Whiz Kids is doubtful. But since then, the Administration has reluctantly admitted that the Soviet have placed anti-missile missiles around Moscow and possibly other cities. Thereby they unleashed an American debate, with McNamara, the Whiz Kids and the peaceniks in the Senate on one side, the professional soldiers including the Joint Chiefs of Staff on the other.

Behind McNamara are of course the left-over Kennedyites who have staked their all upon "creating substantial cross-national diffusion of interest and, ultimately, of power," with the Soviet Union. Any recrudescence of the arms race might put a crimp in this.

But the Joint Chiefs have another powerful supporter. In a letter to the N.Y. Times, physicist Eugene P. Wigner, Nobel Prize winner in physics and co-creator of the A-bomb, warns that "if the leaders of the USSR believe in the possibility of protecting their people and are willing to spend vast sums in their defense, they may have sound reasons."

DIFFER ON PERCENTAGE

McNamara and company have argued that even the best anti-missile defense would save only forty or fifty million Americans, leaving the others exposed to instant or later death. Wigner writes: "A study sponsored by the Academy of Sciences, in which more than fifty natural and social scientists participated, concluded that whole-hearted civil defense measures alone could protect the lives of 80 per cent of our people from a nuclear attack directed against the population. A well-conceived anti-missile program could further improve the protection even

March 15, 1967

H 2757

against an increased capability of the enemy."

If this be true, and the burden of refuting it lies on McNamara and the Whiz Kids, then, in view of the restorative effect on our European allies' belief in the United States which it would have, the case for embarking immediately, not merely upon a small "anti-Chinese" anti-missile program, but of going all out to surpass anything Moscow can devise, seems irresistible.

REMARKS OF GOV. JOHN A. VOLPE

(Mr. KEITH (at the request of Mr. POLLOCK) was granted permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KEITH. Mr. Speaker, on March 4, a little more than a week ago, the distinguished Governor of Massachusetts, John A. Volpe addressed the graduating class at the Massachusetts Maritime Academy in my district. I include the Governor's remarks in the Record.

The Massachusetts Maritime Academy is one of the oldest and finest institutions of its kind in the Nation. Its graduates have served their country well in peace and in war. Under its new president, Arthur S. Limouze, the academy is preparing leaders to meet both the age-old challenges of the sea and the fast-developing challenges of the nuclear age. President Limouze's service with the Navy and with the Army Air Force in the China-India-Burma theater together with his experience as dean of the U.S. Merchant Marine Academy at Kings Point make him a most excellent leader for the Massachusetts Maritime Academy in these trying, changing times.

The occasion for Governor Volpe's address was unusual. The academy normally holds its commencement exercises in the balmy sunshine of mid-June. But this year's class was leaving more than 3 months ahead of its usual schedule—in the bleak, gray light of New England winter. The cause of this change—a crisis in our merchant navy: these men are needed now to keep our efforts in Vietnam from grinding to a halt for want of seaborne supplies.

Governor Volpe pointed out to the graduates that the critical need for merchant officers which foreshortened their education is part of a larger crisis. The American merchant fleet has declined to such a point that American-flag vessels can scarcely support our military commitment in Vietnam. The need for American merchant officers is part of the larger crisis which hangs over American shipping and the American shipbuilding industry.

Governor Volpe proposed that we should embark on a massive shipbuilding program to avert this crisis. Few men are as well qualified as John Volpe to make such a proposal.

John Volpe is a builder. In the depths of the depression, he cashed in his only asset, an insurance policy, and started the John A. Volpe Construction Co., now one of the largest building contractors in the world.

John Volpe knows how to face a problem. He served the late Christian Herter as Massachusetts' Commissioner of

Public Works when Herter was Governor. In 1956 President Eisenhower chose Volpe to be the first Administrator of the Federal Interstate and Defense Highway program. Our Interstate Highway System is a monument to John Volpe's initiative.

Now in his third term as Governor of Massachusetts, Volpe has faced the hard problems of providing more and better State services and the even harder problem of raising the money to pay for these services.

In his remarks to the Massachusetts Maritime Academy, Governor Volpe asked the graduates to join him in facing up to the problems of our shipbuilding program—I ask the Congress to join with John Volpe and these graduates in facing up to and resolving these problems. The remarks follow:

REMARKS OF GOVERNOR JOHN A. VOLPE AT MASSACHUSETTS MARITIME ACADEMY GRADUATING CLASS

This 125th graduation of the Massachusetts Maritime Academy has . . . as every one here knows . . . been accelerated by nearly four months at the request of the Federal Government.

A most serious need for licensed ships' officers brought about this request . . . general commercial shipping . . . and particularly ships supplying American servicemen in Vietnam . . . were being delayed or threatened with delay because of a shortage of required officers.

Furthermore . . . careful studies by Government and industry indicate that the need will be a long-time one.

A recent study by the National Academy of Sciences predicts a net decrease in the officer work force size in excess of 5 percent per year.

It is partly in recognition of this need that I am here today.

It is my pleasure to congratulate these young men upon the completion of their course of studies at the Massachusetts Maritime Academy and to salute them as they embark upon their vitally important careers.

That they will prosper and succeed . . . we can be sure.

Their success at the Academy promises success in the maritime field.

They have learned that hard work . . . persistence . . . and faithfulness to their ideals are the necessary ingredients to academic success.

They will soon know that these same ingredients will spell success for them as they rise in their profession.

Now this is a theme that could be expanded for some twenty minutes into a conventional graduation address. . . . During which I could paint the conventional picture of success American college graduates all too often hear.

But that is a kind of speech heard throughout the land in June. And we are assembled here . . . not in June . . . but in March.

March weather is not June weather . . . and the problems facing these young men in March are the problems of March . . . not those of a mild and pleasant June.

These graduates are going into a profession in which learning cannot cease.

As they strive to advance in their profession . . . they must also face and solve the problems confronting that profession . . . for a successful solution to the ills plaguing the maritime industry which we as a Nation have misunderstood . . . ignored . . . or neglected throughout much of our history.

We have often had cause to regret this misunderstanding or neglect . . . but we have not done much to prevent the continuation of a lack of an adequate maritime policy.

We have . . . in short . . . never developed and enforced a consistent national policy for our merchant marine.

Surely . . . it is high time we did so.

I do not think that those of us who are in public office in the United States should wait for these young men to take the lead in formulating a consistent and viable policy.

But I think it is our national responsibility to provide such a policy and to turn over to the graduates of the various academies the task of making the policy operable.

The difficulties to be overcome in establishing our merchant marine on a proper footing are great.

They have seemed to some to be insurmountable . . . as young officers of the caliber here today enter the industry . . . the insurmountable will . . . I believe . . . be surmounted.

What are some of these major problems? In one short afternoon I could not begin to name them all.

First of all . . . and fundamental . . . there is the problem of where the merchant marine fits into the structure of American society.

Is it a branch of our commerce . . . or is it a vital arm of our national defense . . . or is it both at once?

At least one other nation . . . the Soviet Union . . . holds that a strong merchant marine is important both for commerce and for defense.

As long ago as 1960 and as recently as 1966, American students of maritime affairs have commented on the Soviet Union's objectives in building a strong merchant fleet.

In the proceedings of the U.S. Naval Institute in 1960 . . . Commander Bernard Kassell commented on the apparent fact that foreign trade was considered by the Soviets to be an integral part of foreign policy.

"Once the trade deal is signed . . ." he wrote . . . "the Soviet merchant ship becomes the active agent of that policy."

And in a recent issue of the CONGRESSIONAL RECORD . . . Congressmen KEITH of Massachusetts and ROGERS of Florida issued a report on the increased strength of the Russian merchant fleet . . . pointing out that . . . "they are using their strengthened maritime position to further their strategic objectives . . . particularly with respect to the lesser developed nations of Africa and Asia."

This last report points out also that in 1965 the Soviet Union accepted delivery of 100 merchant ships . . . while the United States took delivery of only 16 . . . that we had on order 41 merchant ships of over 1,000 tons and the Russians had 464.

Clearly . . . the Russian emphasis on building a strong fleet to foster its foreign policies would justify grave concern on our part that we are not keeping abreast of the times.

Commerce or defense? It seems that the merchant marine is both . . . and that we need a nationally-determined policy to support our merchant fleet for both reasons.

Once this fundamental policy has been decided upon we can look for changes for the better in all phases of the industry.

At present . . . in spite of promised pronouncements . . . no clear policy presents itself.

On one hand the Federal Government asks the Academy to graduate early to meet a real need.

As Alan S. Boyd . . . then Under Secretary of Commerce . . . Now Secretary of Transportation . . . wrote . . . "The State academies' . . . graduates . . . fed into the fleet during the early months of 1967 . . . will make the difference to a large extent between ships sailing on time to Viet Nam . . . and ships waiting loaded at the piers."

Secretary Boyd was speaking for the same administration that allows 90 percent of our general cargo to be carried in foreign ships

... and the same administration that sees nearly 100 percent of our aluminum ore imported in ships not flying the American flag.

This is the same administration whose Secretary of the Navy was quoted as favoring an increased budget ... "because we need a strong Navy to keep the sea lanes open." I am tempted to ask ... open for what?

American shipbuilding and shipyard capabilities have been neglected since the end of the Korean war or before.

An administration urging early graduation of officers and recommissioning of WW II victory ships is also proposing to de-commission the only nuclear merchant ship in the world ... the N.S. Savannah.

If you can determine a policy behind these contradictions ... young men ... you are wise indeed.

It escapes me ... and it appears to escape those leaders of the maritime industry who are most concerned.

Here we are ... the richest and most powerful Nation the world has ever known ... and we find ourselves involved in what has been called a very minor brush war some 10,000 miles away.

This should cause no major pressures on us in our great strength. But what do we find? Our "friendly" neighbors ... willing to trade with us in any form ... having had a chance to pick over our laid-up fleet of WW II ships and choose the best ... these neighbors are not willing to carry cargo to our men in Vietnam.

We ... the most powerful people today ... are forced to bring out of mothballs ships built 20 to 25 years ago.

Ships that could have been recommissioned for \$100,000 in 1947 and will cost up to \$500,000 today. No better ... just older ... as someone remarked.

If our effort in Vietnam can so strain our maritime facilities ... We have far too small a margin of safety.

This is a lesson we should have learned from both the World Wars. It has been proposed that American shipping firms be allowed to build abroad in foreign yards where labor costs are lower than our own.

Now ... if shipping were solely a part of commerce ... not of defense ... this might be feasible.

But shipping is not solely commerce. Our own shipyards ... if foreign building were to be encouraged ... would deteriorate still further.

Our skilled workmen would drift away to other industries ... and we would have no defense capability left.

Another time ... can we be sure there will be an England to buy us the time we needed in the 1940's to develop our shipbuilding capacities?

To risk the chance is not policy ... but absence of policy.

In 1946 there were 76 shipyards in the United States. Today there are perhaps 11.

In the first 180 days of WW II ... 57 German submarines sank 519 United States vessels. Our merchant fleet today is about 1,000 vessels.

One major power today has an estimated 500 submarines. We have ... I repeat ... 11 shipyards.

Four years ago the Secretary of Defense acknowledged the importance of naval power but said that planes would be relied on to transport men and materials.

Ships would be needed only to provide back-up supplies and heavy equipment.

Recent reports indicate that 2% (chiefly personnel) of the total effort in Vietnam is carried by plane ... 98% is still carried by ship.

This ... it might be observed ... is a 2% improvement on the situation during the Spanish American War 69 years ago.

But these are the problems of the present. What are the challenges of the future?

There will be bigger ships. A 500,000 ton tanker has been designed in Britain, more than twice as large as anything now afloat. There will be faster ships.

The 22-knot nuclear powered Savannah could be replaced by 30-knot nuclear ships if a bill before Congress is passed.

Containerization of cargo has caught on. The Army's experience with containerization for Vietnam has been most successful ... and general commercial shipping is catching on.

Automation of ships is already with us and will advance rapidly.

In these areas you young men graduating today will make your careers.

It is up to us as a people to give you a stable and workable merchant marine policy so that you can see to the technical progress.

So far we have not much to offer. We have ... to be sure ... done something.

Three States ... Maine, California, and Texas ... have followed the lead of New York and Massachusetts and have established State-supported maritime academies.

The Federal Maritime Administration furnishes each school with a training ship ... provides a direct payment to the State ... maintains the vessel ... and subsidizes each student for a part of his expenses.

The Federal Government also allots funds to underwrite new construction of ships ... \$85,000,000 in the last budget ... as contrasted with \$820,000,000 to construct a vehicle to travel on the surface of the moon.

But what should we establish for our new and badly needed policy?

For a start ... let us live up to the provisions of the Merchant Marine Act of 1936 ... which called for a merchant marine capable of handling all our domestic and much of our foreign water-borne commerce in American built ships ... manned by American seamen.

Provisions for subsidy and administration were included in the law.

Then let us review the needs of our shipyards so that the best and most economical construction methods can be applied.

Japan ... whose entire maritime industry was devastated in WWII ... has ... by developing new and efficient methods ... become the leader in ship construction. Her shipyards are the most modern in the world today.

We won a war ... but we are losing some battles.

Let us invest in research with some shadow ... at least ... of the effort we spend on space travel so that the ships we build will be up to date ... not out of date.

And let us train the finest corps of merchant marine officers the world has known.

Only the best men can be trusted with the finest ships. And only the best should be sent abroad as the unofficial representatives of our great Nation.

Like it or not ... all of us are to some degree judged by other nations by the kind of merchant marine officer who represents us.

The modern ship ... conventional ... nuclear ... or automated ... is one of the most complex pieces of machinery devised by man.

Such ships require officers skilled in all the intricacies of modern technology.

If Massachusetts and the Nation are to keep pace with the times ... we must provide the training needed ... not only for today's ships ... but for tomorrow's.

Our young men must go out as professionals of the highest order ... respected by all whom they meet for their knowledge and ability.

We have great faith in you ... the graduates of 1967.

Let us hope that you can have faith in us ...

For it is up to the American people to recognize the importance marine transporta-

tion plays in our economy and in our security ... and it is up to us to determine the course we shall ask you to steer in the future.

CONGRESSIONAL ETHICS

(Mr. REID of New York (at the request of Mr. POLLOCK) was granted permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. REID of New York. Mr. Speaker, events of the recent past have cast into grave doubt in the minds of many Americans, the manner in which we in the House and the Members of the other body have borne the mantle of public trust with which we have been invested.

We are at a critical juncture. In a democratic and representative society, the people have the right to demand of their representatives a standard of conduct above that of the marketplace, a standard of conduct that betrays no breach of their public trust. Public confidence in our care of this sacred trust is seriously shaken in our land today.

I am introducing a unified package of six bills today which, in my judgment, can help to turn the tide. The bills would provide for:

First. Full disclosure of income, gifts, real estate holdings, creditors, and business enterprises in which Members own stocks, bonds, or other securities, or are otherwise associated;

Second. Establishment of a permanent House-Senate committee on ethics and conduct;

Third. Formulation of a comprehensive code of ethics for the Congress, including rigorous conflict-of-interest provisions; and

Fourth. Substantial increases in Congressional pay and allowances. The distinguished Committee on Rules of the House has been engaged for the past several weeks in hearings regarding the establishment of an Ethics Committee. While I support strongly the establishment of such a committee, it is imperative, in my judgment, that we not defer unnecessarily or perhaps totally sidetrack legislation on full disclosure in the debate over an Ethics Committee.

Full disclosure is the most effective vehicle for guarding against conflicts of interest in Government service. The American public is not unaware of our repeated failure to meet this problem head on. Refusal now to act decisively and with despatch would constitute a serious dereliction of our public trust.

Mr. Speaker, my bills cover a broad range of subjects. In a framework of full disclosure and a uniform code of ethics, substantial increases in salary and allowances should relieve Members of reliance on outside sources of income and permit full attention to what is already a 12-month-a-year job. No American should be denied the opportunity to serve in Congress for want of financial means. But once elected, he must be free to devote virtually his full time and energies to the exercise of that paramount responsibility.

I should also add that to meet fully our responsibilities in this area we should undertake to reform the present state of the law with regard to campaign contributions and their disclosure. I hope